

we export to Australia and Taiwan and sell a large number of cars in Japan. We are working on exports to Korea. So Canada will come when the time is right."

Austin Rover is working on a mid-range car, code-named R8, to debut in Europe late in 1989 and in the United States in 1990.

Development is in cooperation with Honda. The car will be produced under the Honda and Rover/Sterling names in Europe and Japan.

is based on a program used with success by Ford in the United States.

"But we ask the customers after 24 months while the United States asks after 12 months," said Gansmueller.

The program starts what Ford managers call "a change of strategy for Ford in Europe." In most markets, Ford has been known to fight for the highest market share.

But with the new program, Gansmueller

reports include answers and also give the average dealer score, divided into every detail.

The program was first tested in Britain and nearly 40 percent of the questionnaires were returned. The system has now been introduced in many of the countries in Western Europe, and by year-end, 15 countries will have the program.

There is no dealer cost involved.

The union's members, in turn, fired new leaders, arguing that the workers were never consulted on the decision to be dismissed.

Uriarte and the eight others who form the union's new national executive committee took over Oct. 2.

They represent Ford's three plants in Mexico City, Hermosillo and Chihuahua, unlike the old committee, whose power was concentrated in Cuautitlan.

VW moves ahead of Fiat to lead Europe's car-sales race

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — Volkswagen AG moved past Fiat Auto to take first place in Western Europe car sales for the January-September period.

After finishing as Europe's sales leader in 1985-86, the Volkswagen group has assumed the top ranking for the first time this year, according to industry sales estimates compiled by Automotive News.

The surge to No. 1 has been largely on the strength of Audi and Seat, whose combined sales have increased nearly 30 percent this year.

Industrywide Western European sales in the January-September period* totaled 9,458,200, 5.7 percent higher than in the same period last year.

Most auto executives here were expecting Western Europe to surpass 12 million units this year for the first time in history, but they are reviewing expectations in the wake of the stock market crisis of the past two weeks.

Among Europe's six major manufacturers, Peugeot SA achieved the largest growth in sales and market share during the first nine months. Only General Motors lost market share.

Sales by Japanese manufacturers were up fractionally through the third quarter, but market share was off. Japanese makers in September suffered their first year-to-year monthly decline since April.

Besides GM, Mercedes-Benz, Austin Rover, Volvo and BMW all lost market share in Western Europe for the nine-month period. However, only BMW dropped in actual unit sales.

VW-Audi-Seat sales were calculated at 1,412,000 through September — a 14.9 percent market share in Western Europe. The Volkswagen brand was up only 1.6 percent to 963,100, but Audi with its enormously popular new 80/90 compact was up 28.1 percent to 262,200 and Seat improved 32.3 percent to 186,700.

The VW group improved its first-place position by capturing nearly 30 percent of the West German domestic market. Overall new-car sales have recovered in West Germany after a slump earlier this year that resulted in VW falling from first place in sales in Europe.

Fiat Auto, which includes Alfa Romeo and Lancia, held 14.4 percent through September with sales of 1,365,000.

Fiat has continued its hold 60 percent of the Italian market and has pushed ahead of Peugeot SA in West Germany to take first place among non-German producers in that market.

Ford follows at 1,148,500, up 8.3 percent from 1986 and good for 12.1 percent of the European market. Ford has strengthened its grip on first place in the United Kingdom, increasing its share to nearly 29 percent compared with just over 27 percent last year.

Peugeot SA has made the largest jump in unit sales and market share of all European car groups. The French automaker was up 10.5 percent through the first nine months to 1,101,700. The increase gave the company an 11.6 percent share compared with 11.1 percent through the same period in 1986.

Its Citroen unit was up 15.4 percent across Europe to 430,500

units. Citroen, through September, improved sales 17 percent in its French home market and 35 percent in the United Kingdom.

GM has under-performed in the European market this year and has suffered a decline in market share. Sales through the third quarter were 1,022,500 — 1.9 percent higher than the first nine months of 1986 — while share declined from 11.2 percent to 10.8 percent.

In the United Kingdom, GM sales were off 6 percent in an overall market that has grown by 6 percent this year. GM is also down in France and in the Netherlands, where it is the market leader.

Renault sales through September rose 7.6 percent to 965,200, good for 10.2 percent of the European market. Renault has maintained a 30 percent market share at home, slightly behind Peugeot SA.

Among other European manufacturers, only BMW suffered a sales decline in 1987. The German company has seen unit volume drop 3.2 percent to 224,500, while its European-wide share has declined from 2.6 percent in 1986 to 2.4 percent this year.

BMW is down in France, Italy and in its home market. According to official registration figures in West Germany, BMW was off 2.1 percent to 108,228 in the first nine months. Three-series sales in Germany were 9.5 percent lower and 5-series registrations were down 2.2 percent, offsetting a better than threefold gain for the new 7 series.

After several months of growth following a sharp January-February sales decline, Japanese manufacturers were off 2.3 percent in September. For the first nine months, Japanese makers com-

EUROPEAN SALES

Manufacturer	9 months 1987	1987 share*	9 months 1986	Change 87 vs 86
VW-Audi-Seat	1,412,000	14.9	1,294,000	+ 9.1
Fiat Group**	1,365,000	14.4	1,263,200	+ 8.1
Ford	1,148,500	12.1	1,060,100	+ 8.3
PSA***	1,101,700	11.6	996,700	+10.5
Japanese (all)	1,083,700	11.5	1,078,900	+ 0.4
Nissan	282,400	3.0	274,100	+ 3.0
Toyota	267,500	2.8	268,500	- 0.4
Mazda	178,800	1.9	191,200	- 6.5
Mitsubishi	118,400	1.3	109,800	+ 7.8
Honda	102,500	1.1	113,400	- 9.6
General Motors****	1,022,500	10.8	1,003,700	+ 1.9
Renault	965,200	10.2	897,100	+ 7.6
Mercedes-Benz	337,300	3.6	333,400	+ 1.2
Austin Rover	334,400	3.5	333,900	+ 0.1
BMW	224,500	2.4	231,800	- 3.2
Volvo	202,600	2.1	201,300	+ 0.6
Others	260,800	2.8	253,900	+ 2.7
Total	9,458,200	100.0	8,948,000	+ 5.7

* Total does not add up to 100 percent because of rounding

** Includes Alfa Romeo

*** Peugeot, Citroen, Talbot

**** Opel, Vauxhall, Austin, GM U.S. Canada

combined held 11.5 percent of the European market (1,083,700 units), down from 12.1 percent for the same period in 1986.

Nissan held the No. 1 position among Japanese marques in Europe with a 3 percent improvement in sales to 282,400, good for 3 percent of the entire market. Toyota, which has declined marginally in Europe this year, was second with a 2.8 percent share.

West Germany was Europe's largest national market, improving 3.1 percent to 2,189,400 through September. Sales sputtered early this year but have recovered and are now running ahead of last year's record 2.8 million pace. However, some analysts here expect a fourth-quarter slowdown.

The United Kingdom was up 6.2

percent to 1,637,100 and may be on course to top 2 million sales for the first time. Italy is also approaching its first 2-million sales year. Volume through September was 1,535,000, 8.8 percent higher than 1986.

The French market was up 6.5 percent to 1,452,300 units for the year, but was off 10 percent in September and appears likely to fall short of its own bid for 2 million sales.

Spain remains the hottest national market in Europe. Sales in September rose 15.5 percent over the previous September when the current boom was already well under way. Spanish new-car sales for the nine-month period grew 41.1 percent to 674,700. Volume this year could top 900,000.

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PROFITS

FROM PAGE 3

CHRYSLER CORP.

Chrysler Corp. reported an 8-percent increase in third-quarter earnings compared to one year ago, a record third-quarter sales.

Third-quarter profits totaled \$53.0 million, up from \$234.9 million earned in the year-ago third quarter.

On a per-share basis, Chrysler earned \$1.15 in the quarter, compared with \$1.06 a year ago, adjusted for a three-for-two stock split in March.

Sales of \$6.2 billion set a record for the third quarter and were up 9 percent from \$5.2 billion in the year-ago quarter.

Worldwide factory sales for the quarter were 494,398, including 9,041 Jeep-Eagle vehicles sold since Aug. 6. Chrysler acquired American Motors Aug. 5 and markets the former AMC vehicles through the Jeep-Eagle network.

Despite the inclusion of AMC products, Chrysler unit sales still were lower than a year ago when worldwide sales amounted to 502,652 units.

For the first nine months of the year, Chrysler earned \$951.4 million, down 12 percent from \$1.08 billion earned in the same period a year ago.

For the nine months, earnings amounted to \$4.38 a share, down from \$4.83 a share for the first nine months of 1986. Chrysler's 1986 earnings included a gain of \$131.9 million from the sale of its stake in Peugeot.

Sales rose 12 percent in the nine-month period. Chrysler reported sales of \$18.6 billion in the first nine months of 1987, compared with \$16.6 billion in the first nine months of 1986.

Worldwide factory sales for the nine-month period were 1,622,522 units, including 49,041 Jeep-Eagle vehicles. That was off 1 percent from year-ago sales.

Chrysler Corp. Chairman Lee Iacocca said the quarterly gain in

earnings was posted despite an industrywide car sales slump, a strike against Chrysler Canada, costly product launches and the completion of three acquisitions during the period.

Robert S. Miller, Chrysler Corp. vice chairman, said AMC made "a modest contribution" to Chrysler's profits in the third quarter. On an earnings-per-share basis, he said, the impact of the AMC purchase was "a wash" because AMC's modest profit was offset by the stock that was issued in connection with the purchase.

Chrysler Financial Corp. reported the highest third-quarter and nine-month earnings in company history.

Chrysler Financial said 1987 third-quarter net earnings were \$55.3 million, up 14 percent from the \$48.3 million earned in the third quarter of 1986. The nine-month net earnings were \$177.2 million, a 32-percent increase over the \$133.8 million recorded in the comparable nine-month period of 1986.

Chrysler Credit, the automotive finance subsidiary of Chrysler Financial, financed or leased 234,632 new and used vehicles in the United States during the third quarter. Chrysler Credit financed 34 percent of the new vehicles sold by Chrysler Motors dealers.

Chrysler Financial's earnings increase was attributed to improved productivity and higher earning assets from its automotive and diversified finance units.

FORD MOTOR CO.

Ford reported that third-quarter profits increased 1 percent over the same quarter a year ago on a 6-percent sales gain, setting new third-quarter records for sales and earnings. It also pushed profits for the first nine months of the year above 1986's full-year earnings.

Profits in the third quarter rose to \$703.2 million, or \$2.76 a share, from \$693.3 million, or \$2.61 per share, a year earlier.

Worldwide dollar sales were

\$15.2 billion, or \$881 million higher than 1986's third quarter, even though factory unit sales declined 7 percent to 1,239,000 units from 1,334,775.

The company said that third-quarter net income was up \$112 million, or 19 percent, compared with the same period in 1986 without the one-time gain in 1986 of \$102 million due to the sales of Ford's North American paint operations and Ford Aerospace & Communications Corp.'s interest in Starjet Corp.

For the first nine months of the year, Ford earned \$3.7 billion, or \$14.34 per share, up 48 percent over the \$2.5 billion, or \$9.33 per share, for the same period in 1986.

Sales for the first nine months totaled \$52.9 billion, up 14 percent from \$46.5 billion for the first nine months in 1986.

In the United States, Ford earned \$593 million in the third quarter, down \$14 million from last year. Outside the United States, Ford earned \$110 million compared with \$86 million a year ago.

Ford's U.S. car share in the 1987-model year was 20.1 percent, the highest since 1979 and up 2.3 percentage points from 1986 — the largest gain in the United States for any manufacturer, domestic or foreign.

Its truck share was 28.5 percent in the 1987 model year, up 0.3 of a percentage point from last year.

Overseas, Ford of Europe's estimated car-market share for the first nine months of 1987 was 12.3 percent, an increase of 0.3 of a percentage point from a year ago.

Ford's estimated truck share in Europe through September was 10.9 percent, up 1.4 percentage points from last year.

Ford Motor Credit Co. posted a third-quarter profit of \$172.3 million, representing a \$16.8 million gain, or 11 percent increase, from the same period in 1986.

Profits for the first nine months of 1987 were a record \$560.7 million compared with the previous record of \$448.3 million established in the same period in 1986.

During the first nine months of 1987, the company financed 1.58 million vehicles in the United States, up from 1.45 million financed in the first nine months of 1986. Ford Credit arranged financing for 41 percent of all new Ford Motor Co. cars and trucks sold by its dealers in the United States.

At Sept. 30, Ford Credit assets were \$48.7 billion, up \$9.7 billion or 25 percent from a year ago.

GENERAL MOTORS

GM reported a third-quarter profit of \$812.3 million, a 135-percent increase over the \$345.1 million earned in the year-ago quarter.

Sales for the quarter totaled \$22.6 billion, down 1 percent from last year's \$22.8 billion. Worldwide factory sales in the third quarter were down about 10 percent at 1.64 million units.

On a per-share basis, third-quarter profits amounted to \$2.28, compared with 80 cents in the 1986 third quarter.

Though GM showed operating income of \$356.8 million, it was not from selling cars and trucks but rather from bookkeeping changes.

GM said it adopted during the quarter accounting practices that made more realistic assumptions regarding the useful lives of its plants, equipment and special tools. The modifications favorably impacted GM's pre-tax earnings by \$894 million, or \$1.82 per share.

Without the changes, GM over-

about double 1986's third-quarter operating loss of \$251.5 million.

GM earnings for the first nine months totaled \$2.7 billion, up 4 percent from \$2.6 billion earned in the first nine months of 1986. On a per-share basis, GM earned \$7.70 in the period, compared with \$7.24 a year ago.

Sales for the period totaled \$75.4 billion, a 2-percent decline from sales of \$77.3 billion a year ago. Worldwide factory sales were off about 12 percent at 5,792,000 units.

GM's subsidiaries also helped boost the automaker's third-quarter profits.

General Motors Acceptance Corp. had earnings of \$325.0 million for the third quarter, compared with \$313.7 million earned in the same period a year earlier.

While GMAC's earnings for the quarter rose 4 percent, the phenomenal rate of growth that GMAC has experienced in recent years is slowing, as anticipated. Higher interest rates during the quarter narrowed the margins between what GMAC pays to borrow money and what it charges customers to borrow.

GMAC Chairman John Edman said narrower margins were partially offset by changes in depreciation rules on lease vehicles. That change increased third-quarter earnings by \$65 million and nine-month earnings by \$198 million. Had it not been for the change in depreciation rules, GMAC would have earned less money in the 1987 third quarter than it did in the year-ago quarter.

For the nine-month period, GMAC earnings totaled \$1.2 billion, up 35 percent from the year-ago's \$888.9 million.

GMAC financed or leased 862,000 vehicles in the United States and 132,000 in other countries during the quarter.

GM Hughes Electronic Corp., GM's subsidiary made up primarily of Hughes Aircraft and Delco Electronics, reported third-quarter net income of \$134.0 million, an increase of 6 percent from \$126.4 million a year ago.

Earnings, excluding the goodwill paid by GM for Hughes Aircraft, amounted to \$171.2 million in the quarter, compared with \$163.6 million in the 1986 quarter. On a per-share basis, GMHE earned 85 cents compared with 82 cents.

Sales for the quarter totaled \$2.52 billion, down 1 percent from \$2.55 billion. Of the total, sales to GM amounted to \$663.8 million in the quarter, down from \$708.5 million a year ago.

For the first nine months, the subsidiary reported net income of \$412.8 million, up 10 percent from \$375.6 million. Income excluding goodwill for the period amounted to \$524.4 million, compared with \$487.2 million in the year-ago period.

Sales for the period totaled \$7.82 billion, off about 1 percent from 1986's \$7.86 billion. Of the total, sales to GM amounted to \$2.35 billion in the period, just off from \$2.38 billion a year ago.

Electronic Data Systems Corp., GM's computer services subsidiary, reported net income of \$82.3 million for the quarter, a 16-percent increase from \$71.1 million in the year-ago quarter. On a per-share basis, that amounted to 68 cents in the quarter compared with 58 cents a year ago.

Sales for the quarter totaled \$1.13 billion, down 3 percent from \$1.16 billion in the 1986 quarter. EDS attributed the sales decline to the fact that two major projects for GM have been completed. Sales to

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ads. And service like
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delivered

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\$200,000 a
year? You can
afford the best.

\$200,000 —
\$1,000,000?

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Americans traveled more in '86; miles increased 13%, Hertz says

NEW YORK — Hertz Corp. estimates that in 1986 the average adult American traveled 15,258 miles, or 41.8 miles a day, at a cost of \$5,251. The mileage included commuting, business, vacation and personal trips. Approximately 92 percent of the miles were by car or truck.

The study, Mobile America, is the fourth annual nationwide survey by Hertz. Costs include transportation and any required away-from-home food or lodging.

The nationwide mileage total was 3.65 trillion miles with an aggregate cost of \$1.26 trillion. In 1985, it was 3.2 trillion miles at a cost of \$1.05 trillion with each person averaging 13,476 miles, or 36.9 miles daily, at a cost of \$4,406 per person.

The annual survey covers nearly all forms of transportation — trains, trucks, taxis, autos, airplanes, ships, buses and walking. The estimates also include family shopping and other incidental local trips. Personal boating and private flying are omitted, however.

The poll's distances refer to passenger miles rather than vehicle miles. Highlights of the 1986 survey include:

- Commuting: Some 110 million persons commuted an average 26.1 miles (round-trip) a day at an annual cost of \$1,817 per person. In 1985 the cost was \$1,355 a person.

- Business trips: Work required 47.2 million employees to take an average of 44.6 trips. Transportation costs averaged \$2,930 each. In 1985, the cost was \$2,448 each.

Cars and trucks accounted for nearly 75 percent of business-trip mileage, and commercial aircraft were used for 24 percent. Trains, buses and other conveyances accounted for the rest.

- Pleasure trips: Last year, 138.1 million adult Americans took an average of five vacation or pleasure journeys — from weekends to two weeks or more. Vacation travel totaled 1.155 trillion miles, up from 906 billion in 1985. Average transportation costs per person for those trips were \$966 in 1986, up from \$835 in 1985.

TENNESSEE

Box or Memphis Auto Auction, 2650 Mt. Moriah Rd., Memphis, Tenn. 38115. 901-794-7700. Sale every Tuesday at 1 PM. Mid-South's newest auto auction.

TEXAS

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Contact: Donny Gibson or Grady Gibson
Member of NAAA & WAAA

TEXAS

Auctions Unlimited, 2260 East I-30, Rockwall, Texas 75087. Dallas-Ft. Worth area. Sales every Monday & Wednesday 7 PM. 214-722-9495.

TEXAS

San Antonio Auto Auction (div. of GECAA), 1500 Ackerman Rd., San Antonio, Texas 78219. Sale every Weds. Contact: Frank Post or Michael Milikien, 512-661-4200.

TEXAS

Fort Worth Auto Auction, 2245 Jacksboro Hwy., Ft. Worth, TX 76114. Sale every Thursday. Contact: George Horton, 817-626-5494.

WASHINGTON

So. Seattle Auto Auction. The lease & Fleet Specialists. Tom Chase, 1-800-872-6800. P.O. Box 5189, Kent, Washington 98064.

WISCONSIN

Metro Milwaukee Auto Auction. Sale every Wednesday. FMC, all leasing, AMC. 414-835-4436, Caledonia, Wisconsin.

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AUCTION DATES

American Motors

- Nov. 3 — D-A Auto Auction, New Stanton, Pa.
- Nov. 4 — Northeast Auto Dealers, Newburgh, N.Y.
- Nov. 5 — Greater Chicago Auto Auction, Chicago, and Wolfe's Evansville Auto Auction, Evansville, Ind.
- Nov. 6 — St. Louis Auto Auction, St. Louis
- Nov. 10 — Statesville Auto Auction, Statesville, N.C.
- Nov. 11 — Kansas City Auto Auction, Kansas City, Mo.
- Nov. 12 — Corry Auto Auction, Corry, Pa.
- Nov. 17 — D-A Auto Auction, New Stanton, Pa.
- Nov. 18 — Northeast Auto Dealers, Newburgh, N.Y.

Chrysler Motors

- Nov. 3 — Florida Auto Auction of Orlando, Ocoee, Fla.; Aptco Auto Auction, Taylor, Mich.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; NuCarPrep System, Santa Fe Springs, Calif.; and Hatfield Auto Auction, Hatfield, Pa.
- Nov. 4 — A.D.E. of Birmingham, Birmingham, Ala.; Columbus Fair Auto Auction, Obetz, Ohio; South Seattle Auto Auction, Kent, Wash.; and Southern Auto Auction, Warehouse Point, Conn.
- Nov. 5 — Fredericksburg Auto Auction, Fredericksburg, Va.
- Nov. 6 — Manheim Auto Auction, Manheim, Pa., and St. Louis Auto Auction, Bridgeton, Mo.
- Nov. 10 — American Auto Auction, Walpole, Mass.; Arena Auto Auction, Chicago; Golden Gate Auto Auction, Fremont, Calif.; Hatfield Auto Auction, Hatfield, Pa.; and Dallas Auto Auction, Grand Prairie, Texas

Ford Motor Co.

- Nov. 3 — Harrisonburg Auto Auction, Harrisonburg, Va.
- Nov. 4 — Indianapolis Auto Auction, Indianapolis; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Lakeland Auto Auction, Lakeland, Fla.; Southern California Auto Auction, Fontana, Calif.; and Concord Auto Auction, Acton, Mass.
- Nov. 11 — Atlanta Auto Auction

Used Car Sales Auction Averages

Oct., 1987	\$6,001
Month ago	\$6,043
Year ago	\$5,196

Model Breakdown Auction Averages

	OCT 1987	SEP 1987	AUG 1987
1987	\$11,220	\$11,357	\$11,726
1986	\$8,624	\$8,808	\$8,934
1985	\$7,257	\$7,321	\$7,385
1984	\$5,711	\$5,764	\$5,754
1983	\$4,897	\$4,940	\$5,016
1982	\$3,549	\$3,607	\$3,648
1981	\$2,549	\$2,583	\$2,632
1980	\$2,022	\$2,044	\$2,072
Overall Average	\$6,001	\$6,043	\$6,070

Auto Auction, Phoenix, Ariz.; B Cities Auto Auction Inc., Hayward, Calif.

Nov. 13 — Interstate Auto Auction, Mercer, Pa.

Nov. 18 — Concord Auto Auction, Acton, Mass.; Lakeland Auto Auction, Lakeland, Fla.; and Southern California Auto Auction, Fontana, Calif.

General Motors

Nov. 3 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Dallas; and South Seattle Auto Auction, Kent, Wash.

Nov. 4 — Atlanta Auto Auction, Red Oak, Ga.; Clanton's Auto Auction, Darlington, S.C.; Indianapolis Auto Auction, Indianapolis; and Omaha Auto Auction, Omaha, Neb.

Nov. 5 — Arena Auto Auction, Chicago; Ohio Auto Auction, Grove City, Ohio; and St. Louis Auto Auction, Bridgeton, Mo.

Nov. 10 — Harrisonburg Auto Auction, Harrisonburg, Va.; and Florida Auto of Orlando, Ocoee, Fla.

Nov. 11 — Hatfield Auto Auction, Hatfield, Pa.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Minneapolis Auto Auction, Minneapolis, Minn.

Jaguar, Porsche hard hit as European auto shares dive

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — Porsche and Jaguar, the two European automakers most dependent on the United States market, suffered major setbacks on the Frankfurt and London stock exchanges last week.

Uncertainty about the U.S. economy and the continued fall of the dollar against local currencies hurt all European makers with substantial American sales. Daimler-Benz, BMW, Volkswagen, Saab and Volvo also declined sharply last week. Fiat and Peugeot continued their slide to a slightly lesser degree last week.

Steven Reitman, auto industry analyst at Phillips & Drew in London, said he may trim earnings projections for the major exporters, but does not view the situation as cataclysmic.

"It is far too early to say that the (U.S. import) market is dead," said Reitman. "As it was, the German companies' plans for the U.S. market were quite conservative relative to 1986 sales."

Most analysts see a continuation of plans to sell more expensive mixes in the United States, a strategy that was already being implemented across the board.

Porsche and Jaguar each ship nearly 60 percent of their output to the United States, and their share prices proved highly sensitive to currency fluctuations last week.

Porsche shares lost 21 percent of their value on Tuesday alone and then continued

Toyota and Honda report no change in plans

By Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — Honda North America President Tetsuo Chino said Honda dealerships are reporting sales as usual without any apparent effect from the stock market crash.

Chino said the company has no plans to change any production or sales goals at this time. "It is just too early."

Toyota President Shoichiro Toyoda said "we are just observing to see the trend." Toyoda said the company is not changing any plans either.

Toyoda said there are no signs coming out of Japan's economy that would lead to a recession. He did acknowledge, however, that the movement in the world stock markets could dampen consumer buying and that would affect auto sales.

But Toyoda said he is not nervous: "It

will not do to become nervous. We must be calm."

Both Honda and Toyota are having no difficulty selling cars in the U.S. market. Problems other than market reaction may affect production and sales of other Japanese makers. Reports in Japan indicate the Ministry of International Trade and Industry may be planning to reduce its quota of 2.3 million car exports to the United States. However, such a cutback would help companies that are struggling to meet the current quotas save face.

In the past two weeks, the values of auto stocks have dropped along with everything else. Automakers are waiting for the market to settle.

Analyst Maryann Keller, Furman Selz Mager Dietz & Birney, said that auto shares do not usually turn up until the market has bottomed out.

which sells less than one percent of production in the United States, fell 21 percent since Oct. 19.

Hans-Peter Wodnick, an automotive analyst at the Bank in Liechtenstein in Frankfurt, said that with the exception of Porsche, the German automotive stocks largely followed overall Frankfurt market trends late last week.

Wodnick said he is considering changes in earnings projections for German manufacturers.

The timing of the West German government's planned sale of its 16 percent stake in VW will almost certainly be affected by the volatile market. Finance Minister Gerhard Stoltenberg said early in the week that the sale would continue, though he did not reveal timing. By late in the week various reports from Bonn indicated that the government had decided to shelve its plan to sell its VW holdings to the public before the end of the year.

VW's decision to cancel investor presentations throughout Germany — including a press session here in Frankfurt — touched off further speculation that the stock sale has been put off.

The VW share price fell 10 percent last Wednesday after it was reported that state prosecutors are investigating new evidence of further illegal currency transactions. The new findings reportedly could result in additional losses beyond the 473-million-mark fraud-related losses already incurred.

CRASH

FROM PAGE 1

Ford Motor Co. said it is reviewing its forecast.

Chrysler Chairman Lee Iacocca said 1988 sales should be off no more than 10 percent from 1987, but he added that's no guarantee they won't be. The company has not revised its official forecast.

Both Smith and Iacocca said production cuts are possible in the fourth quarter and beyond. Iacocca said Chrysler will wait to see sales for the first two November periods before making such cuts.

European importers in the United States — perhaps most vulnerable of any segment because their upscale models are purchased by the same affluent customers who buy stocks — last week reported some order cancellations but said this was not widespread.

Although the dollar continued to slump against the yen and mark, stock prices rallied in heavy trading late last week. The Dow Jones Industrial Average rebounded nearly 200 points from its nadir of 1738.74 on Black Monday, Oct. 19, to 1938.33 on Oct. 29.

The Dow's recovery of 11.48 percent from Black Monday was almost mirrored in the comeback of a few automotive stocks, especially Ford and Honda.

Stock market uncertainty continued to impact GM and Chrysler common shares, which stayed shy of their already reduced values by more than \$1.00 per share after 10 days. Nissan and Toyota stocks were each off \$1.00 as was Subaru common. Among truck stocks, Mack Trucks saw its stock rise slightly, while Volvo AB and Navistar share prices were off.

In the past two weeks, auto stocks on the Tokyo exchange went down with everything else. Like American automakers, Japanese manufacturers said they are waiting for the market to settle before changing production.

Among the European automakers, stock prices last week fared worst among companies with heavy reliance on the U.S. market. Yet the import arms here reported little impact on sales so far.

Hans Jordan, Mercedes-Benz of North America vice president of

1988 SALES FORECAST

(Units in millions)

Analyst and Firm	Car	Truck	Total Volume
General Motors	10.0	5.0	15.0
Ford Motor Co.	10.1	5.0	15.1
Chrysler Corp.	10.0	4.9	14.9
Ann Knight			
PaineWebber Inc.	9.7	4.4	14.1
Chris Cedergren			
J.D. Power & Associates	10.5	4.5	15.0
Michael Luckey			
Shearson Lehman Brothers	9.6	4.2	14.0
Susan Jacobs			
Merrill Lynch Economics	9.5	4.4	13.9
Edward Sullivan			
Wharton Econometrics	10.2	4.4	14.6
Joseph Phillippi			
E.F. Hutton & Co. Inc.	9.5	4.5	14.0
Jean Claude Gruet			
Salomon Bros. Inc.	9.6	4.6	14.2
Jack Kirnan			
Kidder Peabody	10.0	4.6	14.6
David Healy			
Drexel Burnham & Lambert	9.7	4.8	14.5

Forecast numbers include those that have been revised and those that had not been revised as of last week. The automakers as well as some analysts were reviewing their forecasts for possible revisions.

marketing, said the company is concerned but is waiting for word from its field organization before revising its sales forecast.

Richard C. Marcy, Volkswagen of America vice president and head of Audi of America, acknowledged the market tumble probably softened its upscale market, but Audi has not trimmed its 1988 forecast yet.

Jaguar doesn't appear to be overly concerned because the average Jaguar buyer is not a yuppie but an established professional, said Thomas McDonnell, vice president of public affairs for Jaguar Cars Inc. Nonetheless, Jaguar share prices took a particularly hard beating among European auto stocks last week.

BMW of North America reported no major drop in sales and said it is planning no change in strategy. A company spokesman said the automaker saw some falloff in the New York area but the trend did not carry throughout the nation.

Joseph Nicolato, president of Volvo Cars of North America, said it is premature to make any marketing changes. He said dealers have reported that consumers are more conservative but no rash of cancellations.

Before the market crashed, Porsche Cars of North America announced production cuts on its four-cylinder models in anticipation of a slowdown in sales. A company spokesman said that Porsche dealers in selected markets have seen a falloff in showroom traffic. Like Jaguar, Porsche fared worse than most automakers in trading last week.

Saab-Scania of America President Robert Sinclair said some dealers reported that on the day of the crash, stores could have closed because of a lack of traffic, but within two days, traffic was back to normal.

At Austin Rover Cars of North America, the importer of the Sterling, Jed Connelly, director of sales, said dealers reported traffic slowed, first in New York and then in other markets. Nevertheless, the company is making no changes in advertising or ordering of cars.

Meanwhile, a number of auto analysts downgraded their sales forecasts as a result of the Wall Street jitters.

Maryann Keller, Furman Selz Mager Dietz & Birney, told the Society of Automotive Analysts in Tokyo last week that plummeting stock prices would cause a 1.5 mil-

lion-unit decline in vehicle sales in 1988 from 1987 sales and that both U.S. and Japanese makers would be affected.

Among the other analysts who adjusted downward their 1988 forecasts were Ann Knight, PaineWebber Inc.; Susan Jacobs, manager of automotive research at Merrill Lynch Economics; Jean-Claude Gruet, Salomon Brothers; and Michael Luckey, Shearson Lehman Brothers.

Lower sales obviously mean lower production and layoffs. For each assembly-line layoff, another two to three persons are laid off in supplier businesses. Layoffs will cause even shakier consumer confidence and will slow consumer spending more, analysts acknowledge. But they debate whether that will be enough to push the economy into a recession.

Meanwhile, in the showrooms, dealers reported a slowdown in traffic after the stock market crash. However, some said the slowdown began even before the stock market crashed, as people waited for the next round of industrywide incentives to begin. Many dealers had not expected a banner year anyway.

"Customers are afraid to get that money out of the bank and spend it," said Greg Swartz, general manager, Randolph Chrysler-Plymouth, Randolph, Mass. "They are waiting to see what happens."

In the heart of Manhattan, two major dealers reported no effect from the crash. Martin BMW-Volvo and the Potamkin organization, which has Mitsubishi, Toyota, Chrysler, Plymouth and Dodge among its city franchises, reported no change in sales.

However, in the New York suburbs, the car market definitely was a mixed bag.

Eli Bloom, president of Myrtle Motors (Pontiac), Middle Village, N.Y., said he saw a dramatic change in showroom traffic but he attributed some of it to the lack of incentives.

"I do anticipate, being in New York, to feel the effects of Wall Street problems in the next few months," he said. "So many people employed on Wall Street are get-

brokerage houses were laying off people in New Jersey."

John Chuchinko, president of the Bell organization, which holds 10 franchises in the New York area, reported spotty traffic.

The low end of his lines had not fallen off much, but traffic in the high-line cars, which for him include Saab, Porsche, Audi and BMW, had dropped and orders were canceled.

Victor Potamkin, chairman of the board of the organization that includes 42 franchises through the East, said he expected there will be an effect on cars in the \$40,000 to \$60,000 range but not on lower-priced cars.

What cars will be hit first and hardest is the subject of debate.

Analyst Keller, for example, predicted that luxury-car sales will be the first to suffer. "The buyer of a BMW, Jaguar or Porsche has seen his ability to make a down payment disappear in the stock market crash," she said.

Taking the opposing viewpoint was William Pochuluk Jr., of Auto-facts Inc., who said disaster in the luxury market is less likely than in other segments, since most luxury cars are leased rather than financed or paid for in cash.

Donald DeScenza, analyst with Nomura Securities, said the super-luxury market, including high-line Mercedes, BMW and Jaguar models, historically does not fall off during recessions.

A number of analysts suggested that high-line domestic cars, particularly Lincoln and Cadillac, will be hurt severely by the stock market problems.

Lincoln dealers across the country reported sales were off as much as 30 to 50 percent in October. They said sales had dropped before the market crash and even more after.

Contributing to this report were Automotive News Staff Reporters Michelle Krebs, Philly Murtha and Laura Clark, in Detroit; John A. Russell, in New York; Mary Ann Maskery, in Tokyo; Francis J. Gawronski, in Los Angeles; Edward Lapham, in Hot Springs, Va.;

PRODUCTION

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Week's auto production highest since early May

By Barbaglia
 NEWS STAFF REPORTER

Domestic automakers scheduled production of 160,061 cars last week, the highest total since the week ended May 9 when 162,404 cars were assembled.

Last week's targeted output rose 1.5 percent over the prior week's 158,998 but fell 6.74 percent from year-ago week's 171,628.

For this year, 5,959,401 cars have been completed, 9.24 percent below the 6,566,314 built last year at this point.

Companies split last week's estimated production as follows: General Motors, 49.28 percent; Ford

Motor Co., 26.43 percent; Chrysler Motors, 15.74 percent; Honda of America Manufacturing Inc., 4.21 percent; New United Motor Manufacturing Inc., 2.12 percent; Volkswagen of America, 1.25 percent; Nissan Motor Manufacturing Co. U.S.A., 0.82 percent; and Mazda Motor Manufacturing (U.S.A.) Corp., 0.15 percent.

Chrysler's St. Louis (No. 1) plant will close for two weeks on Nov. 9 for inventory adjustment. The plant is slated to reopen Nov. 23.

Chrysler slated overtime last Saturday at its St. Louis (No. 2) plant. The plant is also scheduled for daily overtime this week.

Truck output stays near 79,000; year's build 7% ahead of 1986

Last week's scheduled domestic truck production of 78,881 dipped slightly (0.47 percent) from the previous week's 79,255 but increased 12.47 percent over the year-ago week's 70,133.

Year-to-date, 3,207,761 trucks have been built, 7.28 percent more than the 2,990,208 assembled last year at this time.

Production of medium-duty trucks resumed last week at General Motors' Pontiac, Mich., plant. The line was idle for one week to adjust inventory.

Ford slated overtime last Saturday at its Lorain, Ohio, plant.

All Ford plants are scheduled for daily overtime this week.

Canadian truck production rises to 681,113; tops year-ago total

Year-to-date truck output in Canada inched past the 1986 total last week for the first time.

So far this year, 681,113 trucks have been built, slightly more (0.82 percent) than the 675,578 completed last year at this point.

Truck production was slated at 19,060 units last week, 6.72 percent more than the prior week's 17,859 and 80.17 percent more than the year-ago week's 10,579.

Scheduled Canadian car production of 24,125 units last week was the highest since the week ended Dec. 20, 1986, when 24,896 cars

were built.

Last week's estimated output was 37.77 percent more than the previous week's 17,511 but 3.93 percent below the year-ago week's 25,113.

So far this year, 641,084 cars have been assembled, 26.80 percent below the 875,831 completed last year at this point.

Volvo's plant in Halifax, Nova Scotia, has closed permanently. Volvo's new plant, which is also in Halifax, will begin reporting production of 740 and 240 models later this fall.

CANADIAN CAR	Week Ended Oct. 31, 1987	Week Ended Nov. 1, 1986	Week Ended Oct. 24, 1987	Oct. Est.	Jan. 1 to Oct. 31, 1987	Jan. 1 to Nov. 1, 1986
CHRYSLER	850	120	510	1,577	5,711	3,591
FORD MOTOR	10,986	11,115	7,459	33,058	357,109	437,408
GENERAL MOTORS	11,889	13,653	9,081	43,321	258,154	426,492
HONDA	400	0	461	1,696	12,121	0
VOLVO	0	225	0	339	7,989	8,340
Total Cars, Canada	24,125	25,113	17,511	79,991	641,084	875,831

U.S. TRUCK	Week Ended Oct. 31, 1987	Week Ended Nov. 1, 1986	Week Ended Oct. 24, 1987	Oct. Est.	Jan. 1 to Oct. 31, 1987	Jan. 1 to Nov. 1, 1986
CHEVROLET	17,471	24,240	16,706	75,928	955,528	998,805
DODGE/PYMOUTH	8,500	5,883	9,182	39,634	252,098	110,431
FORD	32,905	22,260	34,599	147,554	1,239,586	1,164,725
GMC	7,485	7,730	6,742	34,328	321,330	304,043
NAVISTAR	1,680	1,620	1,667	7,272	62,117	60,514
JEEP	4,600	4,358	4,639	20,251	187,689	158,462
NISSAN	3,490	1,692	2,970	11,672	76,403	94,412
AM GENERAL*	450	50	450	1,980	13,950	2,124
MISCELLANEOUS*	2,300	2,300	2,300	10,120	99,060	96,692
Total Trucks, U.S.	78,881	70,133	79,255	348,739	3,207,761	2,990,208

CANADIAN TRUCK	Week Ended Oct. 31, 1987	Week Ended Nov. 1, 1986	Week Ended Oct. 24, 1987	Oct. Est.	Jan. 1 to Oct. 31, 1987	Jan. 1 to Nov. 1, 1986
JEEP	750	520	915	3,638	29,702	23,890
CHRYSLER	7,522	8,993	8,057	32,445	325,897	335,205
FORD	3,648	0	3,499	14,507	124,537	127,789
GENERAL MOTORS	6,915	867	5,158	25,212	192,865	180,713
NAVISTAR	225	199	230	953	8,112	7,877
Total Trucks, Canada	19,060	10,579	17,859	76,754	681,113	675,578
U.S. Canada Trucks	97,941	80,712	97,114	425,493	3,888,874	3,665,786

*Includes window van production. **Estimated.
 Jeep includes commercial only. AM General includes government destined vehicles.
 Miscellaneous includes estimates for Mack, Volvo-White, Seaworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
 Monthly estimates may contain error of one or two units due to rounding.

U.S. CAR	Week Ended Oct. 31, 1987	Week Ended Nov. 1, 1986	Week Ended Oct. 24, 1987	Oct. Est.	Jan. 1 to Oct. 31, 1987	Jan. 1 to Nov. 1, 1986
AMERICAN MOTORS	0	0	0	0	15,994	43,842
Renault Total	0	0	0	0	15,994	43,842
Alliance	0	0	0	0	15,994	40,495
Encore	0	0	0	0	0	3,347
CHRYSLER MOTORS	25,200	26,898	25,955	111,489	913,143	1,106,513
Plymouth Total	6,700	9,400	6,895	30,723	267,075	350,098
Horizon	750	3,430	892	3,624	38,101	145,409
Sundance	1,650	2,365	1,668	7,381	76,517	21,140
Reliant	3,700	2,334	3,643	16,307	108,541	129,400
Caravelle	500	799	557	2,449	38,033	37,521
Gran Fury	100	472	135	961	5,884	16,628
Chrysler Total	8,350	6,222	8,523	36,282	309,704	329,468
Laser	0	0	0	0	0	26,978
LeBaron K	900	1,167	929	4,073	56,417	73,771
LeBaron J	2,750	0	2,841	12,375	99,409	0
LeBaron GTS	750	862	836	3,526	33,584	55,129
N. Yorker E-Class	0	1,299	0	0	57,102	61,445
N. Yorker C-Class	1,600	0	1,375	4,697	7,364	112,145
Fifth Avenue	2,350	2,894	2,542	11,611	55,828	426,947
Dodge Total	10,150	11,276	10,537	44,484	336,363	426,947
Daytona	1,900	0	1,854	8,303	54,010	30,343
Omni	700	2,905	765	3,215	32,989	137,393
Shadow	1,800	2,257	1,850	8,041	79,694	19,921
Anes	3,600	3,783	3,673	15,803	100,411	105,486
Dodge 600	650	1,124	671	2,972	34,548	56,135
Dynasty	300	0	334	1,027	1,572	0
Lancer	500	683	486	2,194	20,885	41,979
Diplomat	700	524	904	2,930	12,254	35,144
FORD MOTOR	42,310	34,676	39,265	171,339	1,525,768	1,465,370
Ford Division	32,109	25,900	29,255	128,821	1,094,745	1,007,917
Escort	9,449	8,825	9,068	40,859	323,413	317,282
Mustang	4,622	2,303	4,594	19,922	179,759	150,076
Tempo	4,090	4,101	3,472	14,010	115,048	164,548
Taurus	10,475	7,681	8,540	37,002	343,480	265,528
Thunderbird	3,473	2,990	3,581	17,029	133,045	110,483
L-M Division	10,201	8,776	10,010	42,518	431,023	457,453
Mercury Total	6,931	4,741	6,320	25,751	278,969	299,599
Lynx	0	625	0	0	21,352	0
Capri	0	0	0	0	0	1,114
Topaz	1,031	1,413	971	3,868	37,192	4,352
Cougar	3,487	52	3,344	13,545	117,693	90,467
Sable	2,413	2,651	2,005	8,337	102,497	104,637
Lincoln Total	3,270	4,035	3,690	16,767	152,054	150,284
Continental	163	406	86	249	9,859	16,360
Lincoln	2,569	3,027	2,955	13,695	118,531	112,716
Mark VII	538	602	649	2,823	23,664	21,208
GENERAL MOTORS	78,869	93,712	77,629	329,910	2,911,921	3,487,353
Buick Total	12,418	17,881	12,041	51,544	474,269	648,555
Skyhawk	1,070	1,807	1,158	4,695	28,802	71,252
Century	3,687	3,854	3,208	11,893	134,085	189,352
Regal (rwd)	700	1,943	720	3,059	36,629	50,318
Somerset/Skylark	1,941	2,411	2,024	8,104	55,274	92,857
LeSabre (fwd)	2,400	4,423	2,341	12,484	124,176	132,391
LeSabre (rwd)	280	353	278	1,237	7,795	12,842
Electra (fwd)	1,935	2,395	1,938	8,501	76,478	77,713
Riviera	405	695	374	1,571	11,030	21,830
Cadillac Total	6,975	6,805	6,863	29,320	224,702	266,719
Cimarron	271	396	265	1,107	9,874	19,704
Allante	50	0	50	237	3,920	0
Brougham (rwd)	1,800	1,148	1,860	7,936	62,046	66,857
DeVille (fwd)	3,600	3,975	3,545	15,158	117,094	140,986
Eldorado	678	699	616	2,638	15,141	20,539
Seville	576	587	527	2,244	16,627	18,633
Chevrolet Total	32,041	33,808	31,112	133,484	1,141,245	1,100,632
Chevette	0	2,621	0	0	0	86,760
Camaro	2,550	3,381	2,420	10,579	102,683	150,516
Corvair	8,174	9,572	7,434	32,013	259,211	335,545
Celebrity	5,748	8,360	5,581	23,625	251,387	216,003
Corsica/Beretta	7,900	1,102	8,521	36,953	284,598	4,244
Monte Carlo	1,719	2,575	1,646	7,512	61,843	95,491
Caprice	5,310	5,545	4,860	19,952	157,896	187,927
Corvette	640	652	650	2,850	23,627	24,146
Oldsmobile Total	12,821	17,065	12,293	53,650	515,972	807,295
Firebird	490	1,057	424	1,901	11,648	33,278
Calais	2,859	2,778	2,791	12,250	97,681	100,199
Cutlass	890	4,339	739	2,686	103,932	202,578
Cutlass Supreme	1,601	1,526	1,549	6,961	64,574	97,102
88 (fwd)	3,720	3,390	3,588	16,648	151,101	246,500
88 (rwd)	450	468	442	1,322	11,980	16,293
Olds 98	2,330	3,008	2,341	10,047	58,301	96,242
Toronado	481	499	419	1,834	13,157	15,553
Pontiac Total	14,614	18,153	15,320	61,912	555,733	664,152
Acadian*	0	320	0	0	0	13,797
Fiero	1,200	1,780	1,037	4,399	26,790	58,064
1000	0	744	0	0	0	16,658
Firebird	1,570	2,093	1,444	6,490	66,744	91,271
2000 Sunbird	2,155	1,843	1,841	7,944	72,422	114,995
Grand Am	5,140	5,303	5,856	23,716	209,332	192,324
6000	1,344	2,680	1,788	5,565	62,241	113,048
Bonneville	3,075	3,076	3,219	13,159	110,064	16,393
Safari/Panther	130	314	135	640	8,140	47,602
HONDA	6,735	7,134	7,787	30,841	272,055	186,686
Civic	1,543	1,723	1,459	4,615	75,653	9,246
Accord	5,192	5,411	6,328	26,226	196,402	177,440
MAZDA	237	0	204	848	1,287	0
NISSAN	1,310	2,929	1,321	6,111	103,962	42,047
NUMMI	3,400	4,276	3,608	15,652	162,817	164,007
Corolla	900	1,151	993	4,168	35,813	2,465
Nova	2,500	3,125	2,615	11,484	127,004	161,542
VOLKSWAGEN	2,000	2,003	2,029	7,705	52,454	70,496
Golf/GT	1,300	2,003	1,329	4,625	40,011	70,496
Jetta	700	0	700	3,080	12,443	0
Total Cars, U.S.	160,061	171,628	157,798	673,894	5,959,401	6,566,314
Total Cars, Canada	24,125	25,113	17,511	79,991	641,084	875,831
U.S. Canada Cars	184,186	196,741	175,309	753,885	6,600,485	7,442,145
U.S. Canada Trucks	97,941	80,712	97,114	425,493	3,888,874	3,665,786
U.S. Canada Cars and Trucks	282,127	277,453	272,423	1,179,378	10,489,359	11,107,931

*All Acadians are built for sale in Canada.
 Monthly estimates may contain error of one or two units due to rounding.

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Proton contract near for Bricklin

By Andrew R. McGill
AUTOMOTIVE NEWS STAFF REPORTER

KUALA LUMPUR, Malaysia — The builder of Malaysia's national car is "within weeks" of finalizing contracts for Malcolm Bricklin's Proton, America to import 40,000-60,000 Proton Sagas a year to the United States, beginning next fall.

In an exclusive interview with Automotive News last week, Malaysian Prime Minister Mahathir Mohamad confirmed that "all the details have been worked out" for final contracts to be signed "within weeks," almost a year after Bricklin representatives and Malaysian officials signed letters of intent on the project last Dec. 3.

Providing Bricklin officials can make good on commitments to reduce current Proton building costs by 30 percent, through less expensive sourcing and greater production efficiency, sources close to the project said Bricklin could reach its targeted U.S. price of \$5,600 for the base Proton sedan, which would be imported in a limited volume of about 5,000 units.

Prices would range up to about \$9,500 for the luxury Aeroback sports sedan, which was introduced with great fanfare in Malaysia 10 days ago. Base, mid-line and premium versions of the sedan and the Aeroback, patterned after the Mitsubishi Lancer Fiori and each powered by Mitsubishi 1.5-liter engines, would go to the United



More luxurious Proton Aeroback, destined for America at about \$9,500

States with volume concentrated on the higher end, Proton officials here said.

In New York, Proton America President William Prior said a "ceremonial session" with Mahathir and Bricklin officials was held in Kuala Lumpur last month and that a formal sales agreement making Bricklin the exclusive U.S. distributor should be "wrapped up by the third or fourth week of November."

Prior likened the negotiations with Proton to the developmental

process that led to Bricklin's successful importing of the low-cost Yugo.

Whether Bricklin would be as successful in the Proton deal came into question in recent months, amid reports of major differences between the Americans and Malaysians.

Mahathir, whose government owns 70 percent of the Proton project and views it as the cornerstone of Malaysia's move from an agricultural to industrial economy,

see PROTON, page 62

GM alters employee car plan

Some dealers say it cuts their profit

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

General Motors last week significantly expanded its discount program for employees, officially added suppliers to the list of those eligible for discounts and drew the fire of some dealers near its facilities by beginning a 10-week program that allows employees and retirees to purchase vehicles in dealer stock below dealer cost.

Several dealers near large GM plants or facilities complained that the 10-week program does not allow the dealer to include floor-planning expense in the price of the car purchased from stock. They also expressed concern that the stock vehicle program would continue in 1988, although GM said the program will be offered only from Oct. 23 to Dec. 31.

A GM spokesman said the 10-week program does not unfairly penalize any dealer who participates in the GM employee discount program. He said that on cars bought out of dealer stock, the participating dealer will be credited with the difference between the employee discount price of a similar factory-ordered car and the invoice price the dealer has already paid. The dealer receives 5 percent of the manufacturer's suggested retail price from GM.

Advertising costs included in the invoice would be credited to the

see DISCOUNT, page 65

Wal-Mart unit offers cars, faces opposition

By Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTER

Sam's Wholesale Club is marketing new Dodges to its customers in Orlando, Fla., despite stiff opposition from dealers in Texas and Arkansas who put a stop to the controversial system in their states in which club members paid \$100 over dealer invoice for new cars.

A Sam's spokesman declined to comment on the experiment in which new-car dealers are sought to supply cars to Sam's outlets at already discounted fleet prices.

But Mike Juenemann, Sam's store manager in Orlando, confirmed that new Dodges are being marketed at the store. He declined to say which Orlando dealer is supplying them.

Although not included in an automaker subsidy program, the fleet cars were priced lower in the fleet department than on the retail side, said a Texas new-car dealer.

An unknown number of dealers signed con-

tracts with Sam's — whose parent company is Wal-Mart stores — in Arkansas, and cars were sold at Sam's Springdale outlet.

"Sam's sent letters inviting dealers into an auto fleet contract where they would agree to sell vehicles at \$100 over invoice," said Dennis E. Jungmeyer, executive vice president of the Arkansas Automobile Dealers Association.

"The company promised to promote the dealership to its members through mailings, display of cars and advertising at its outlets."

Under the contract, dealers supposedly returned the \$100 to Sam's. Jungmeyer said he was uncertain how dealers could profit from the arrangement except for selling a few add-ons.

Dealers participating with Sam's said product exposure, profits on aftermarket items and manufacturer holdbacks lured them into the program.

Big 3 carmakers typically retain 2-3 percent-age points of the dealer discount in invoicing

cars to dealers and pay it back at the end of the year. That would represent \$260 to \$390 for the dealer on a car with a sticker price of \$13,000.

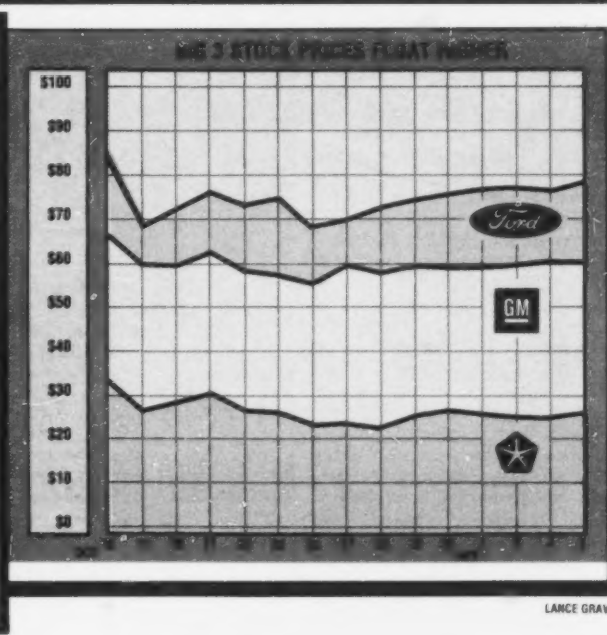
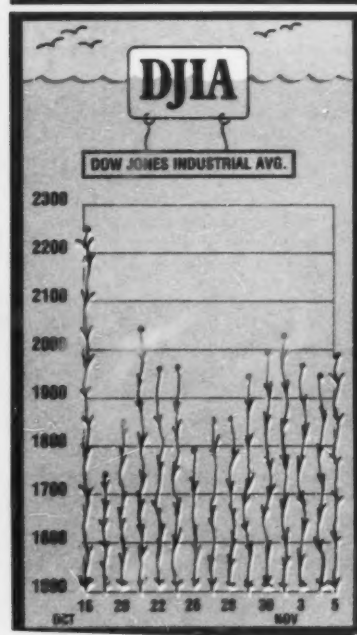
"It's our position that if Sam's can do it, then why not K-mart, Sears or Piggly-Wiggly (a grocery store chain)," said Jungmeyer.

The association complained to the Arkansas Motor Vehicle Commission, which said that Sam's use of the word "invoice" in its ad displays in conjunction with a dealer's name is unlawful.

Although Sam's isn't in violation of the statute, the dealership appearing on the same advertising device is, said J.H. Burnside, Vehicle Commission director.

Burnside said the commission ruled that Sam's is acting as a broker — also illegal in Arkansas.

see WAL-MART, page 63



All signs aren't blue since Black Monday

By Philly Murtha
AUTOMOTIVE NEWS STAFF REPORTER

Car manufacturers and industry analysts last week received mixed messages about the real impact of Black Monday and the subsequent stock market swings on car sales.

Consumers responding to the most recent Automotive News poll last week expressed a little more confidence about buying a new car than they did in the first poll taken right after the Oct. 19 crash. But the majority of the prospective 1988 car buyers said they would spend less money on a car than they would have before the crash.

Those slightly higher confidence levels were confirmed in October's domestic and imported light-duty-truck sales, which rose 8.75 per-

cent, and in recovering U.S. car sales for the last 10 days of October.

U.S.-built car sales for the period almost matched last year's numbers (related story on Page 64). They were off less than one percent from last year's same 10-day period. That was an improvement over the mid-October 10-day period when sales were off 7.46 percent.

Total October sales of U.S.-built and imported cars were off 12.00 percent. Although combined car and truck sales were off 6.32 percent for the month, light-duty-truck sales were up 8.75 percent and Asian car sales held steady. Total imported-car sales inched up

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Japan may terminate
auto quota in 1988

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Big 3 trim
fourth quarter output

Page 3

Vehicle sales
hold up in October

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